

DEFENSE LOGISTICS AGENCY

THE DEFENSE CONTRACT MANAGEMENT COMMAND 8725 JOHN J. KINGMAN ROAD, SUITE 2533 FT. BELVOIR, VIRGINIA 22060-6221



MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS

SUBJECT: DCMC Memorandum No. 96-24, Cost Reimbursement Rules for Indirect Costs - Private Sector (INFORMATION)

This is an INFORMATION memorandum. Target Audience: All Administrative Contracting Officers (ACOs) and Price Analysts.

On May 13, 1996, the Director, Defense Procurement, issued a memorandum concerning the approval authority for executing a defense capability preservation agreement with a defense contractor where it would facilitate the achievement of the policy objectives related to defense reinvestment, diversification, and conversion (attachment). In accordance with Defense Federal Acquisition Regulation Supplement 231.205-71, a contractor may submit a request for such an agreement, together with appropriate justification, through the Assistant Secretary of Defense for Economic Security, to the Under Secretary of Defense for Acquisition and Technology, who has approval authority for such agreements. The contractor should also provide an informational copy of the request to the ACO.

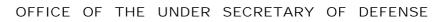
Please ensure this information is disseminated to your ACOS. Any questions concerning this matter should be addressed to Mr. William Hill, Overhead Center of Excellence, at DSN 427-3388 or (703) 767-3388.

JILL E. PETTIBONE

Executive Director

Contract Management Policy

Attachments





3000 DEFENSE PENTAGON WASHINGTON DC 20301-3000

May 13, 1996



In reply refer to DFARS Case: 96-D303 D. L. 96-011

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES

DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,

ASN(RD&A)/ABM

DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE

(CONTRACTING) , SAF/AQC

DIRECTOR, PROCUREMENT POLICY, ASA(RD&A)/SARD-PP

DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Cost Reimbursement Rules for Indirect Costs - Private

Sector

We have amended Part 231 of the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 808 of the FY 1996 Defense Authorization Act (Pub. L. 104-106). Section 808 permits the DoD to enter into a defense capability preservation agreement with a defense contractor where it would facilitate the achievement of the policy objectives relating to defense reinvestment, diversification, and conversion set forth in 10 U.S.C. 2501(b). Such an agreement would permit the contractor to claim certain indirect costs, attributable to its private sector work, on its defense contracts.

This interim DFARS rule is effective immediately and will be published in a future Defense Acquisition Circular.

Eleanor R. Spector

Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir



PART 231--CONTRACT COST PRINCIPLES AND PROCEDURES

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SUBPART 231.2 -- CONTACTS WITH COMMERCIAL ORGANIZATIONS
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[231.205-71 Defense capability preservation agreements.

(a) Scope and authority. Where it would facilitate the achievement of the policy objectives relating to defense reinvestment, diversification, and conversion set forth in 10 U.S.C. 2501(b), DoD may enter into a "defense capability preservation agreement" with a contractor. As authorized by Section 808 of the National Defense Authorization Act for Fiscal Year 1996 (Pub. L. 104-106), such an agreement would permit the contractor to claim certain indirect costs attributable to its private sector work as allowable costs on its defense contracts.

(b) Procedure.

A contractor may submit a request for such an agreement, together with appropriate justification, through the Assistant Secretary of Defense for Economic Security, to the Under Secretary of Defense for Acquisition and Technology, who has exclusive approval or disapproval authority. The contractor should also provide an informational copy of any such request to the cognizant administrative contracting officer.]

